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3 **STATE OF CALIFORNIA**
4 **DEPARTMENT OF INSURANCE**
5 **SAN FRANCISCO**

6
7 **In the Matter of**

8 CALIFORNIA AUTOMOBILE INSURANCE
9 COMPANY, MERCURY CASUALTY
10 COMPANY, and MERCURY INSURANCE
11 COMPANY,

12 **Respondents.**

13 **ORDER**

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15 File No. UPA 2007-00019
16 File No. UPA 2007-00013
17 File No. UPA 2007-00015
18 File No. UPA 2007-00020
19 OAH No. N2007070985
20 OAH No. N2007090572

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22 WHEREAS, Respondents and the Department of Insurance have executed the attached
23 Stipulation and Waiver, the provisions of which are hereby incorporated by reference; and

24
25 WHEREAS, Respondents waive their right to a hearing and to any and all rights that
26 Respondents may be entitled pursuant to Chapter 5, Part 1, Division 3, Title 2 (§§ 11500-
27 11528, inclusive) of the California Government Code regarding the subject action;

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29 NOW, THEREFORE, IT IS ORDERED that Respondents shall pay a civil penalty in
30 the amount of two hundred fifty thousand dollars (\$250,000). An additional two hundred
31 thousand dollars (\$200,000) shall be paid if Respondents fail to meet the performance
32 condition measure set forth in paragraph F of the Stipulation and Waiver;

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34 IT IS FURTHER ORDERED that Respondents shall reimburse the Department fifty
35 thousand dollars (\$50,000) for its costs of investigation and enforcement of the action herein.
36 All amounts shall be paid upon receipt of invoices from the Department.

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38 IT IS FURTHER ORDERED that all payments that are to be made pursuant to the
39 terms of the Stipulation and Waiver shall be payable to the State of California and mailed to

1 the California Department of Insurance, Division of Accounting, 300 Capital Mall, 13th Floor,
2 Sacramento, California 95814, within thirty (30) days of receipt of an invoice from the
3 Department;

4 IT IS FURTHER ORDERED that, to the extent Respondents are violating California
5 Insurance Code § 790.03(h)(1), (2), (3), (4) and (5), and § 880, which requires that an insurer
6 conduct business in this state under its own name; and California Code of Regulations, title 10,
7 §§ 2695.3(a) and (b)(3); 2695.4(a); 2695.5(a), (b) and (e)(1), (2), and (3); 2695.7(b), (b)(1) and
8 (3), (c)(1), (d), (g), (h), (h)(1) and (p); 2695.8(b), (b)(1) and (4), (d), (i) and (k), Respondents
9 are to cease and desist.

10 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
11 this 23rd day of June 2008.

12
13 STEVE POIZNER
14 Insurance Commissioner

15 BY 
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17 PATRICIA K. STAGGS
18 Deputy General Counsel
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